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Bond sales target upgrades for MC

By MARY CATHERINE HOLCOMB

Morgan City will pursue wastewater treatment and utilities upgrades with the issuance of two revenue bonds, the city's mayor and council decided Tuesday.

Jerry Osborne, bond counsel of Foley & Judell in New Orleans, told city officials at a public hearing that everything is in order to continue with the issuance of \$5 million in sewer revenue bonds and \$2 million in utilities revenue bonds.

Under the American Recovery and Reinvestment Act, also known as the federal stimulus plan, local governments can receive 35 percent of the interest cost given to them by the federal government with the issuance of taxable bonds, Osborne said.

"If you issue 'Build America Bonds,' which are taxable bonds, the local government can receive 35 percent of the interest cost given to them by the federal government," he said. "The federal government will, in effect, wind up paying 35 percent of the interest cost."

If all goes according to plan, the \$5 million in sewer bonds will be sold to the Louisiana Department of Environmental Quality and the \$2 million in utilities bonds will be sold to the state Department of Health and Hospitals.

"We are hoping to get 3.45 percent from the DHH water revolving loan fund and 0.95 percent from the DEQ revolving loan fund," Osborne said of the attractive interest rates.

He noted that DEQ has \$120 million set aside for 0.95-percent loans and the agency has received more than \$900 million in applications.

However, Osborne said the city has done all it can do to qualify.

"We all know those applications aren't ready to go, and they may not all be qualifying projects," he said. "Morgan City has done everything for themselves to be in position to qualify. If you don't qualify, you will have to adjust your plans accordingly, but it won't be because you didn't do everything you possibly could do."

Money received from the sale of the sewer bonds will go toward projects including the upgrade of wastewater collection systems, especially Walsh subdivision; rehabilitation of the master lift station; and further analysis of the wastewater systems, according to Mayor Tim Matte.

A water tower to replace two smaller towers will be purchased with the money received from the sale of the utilities revenue bonds, the mayor said, adding that preliminary engineering has been completed to identify the projects and the costs.